

ROVALMA, S.A. v. BOHLER-EDELSTAHL GMBH & CO. KG, Appeal No. 2016-2233 (Fed. Cir. May 11, 2017). Before Wallach, Taranto and Stoll. Appealed from PTAB.

Background:

Bohler-Edelstahl petitioned the PTAB for an inter partes review of all claims of Rovalma's patent directed towards hot work steels. The PTAB adopted Rovalma's claim construction (Bohler-Edelstahl did not submit any arguments or evidence for obviousness or unpatentability based on Rovalma's construction) and held that Rovalma's patent was unpatentable for obviousness based on Rovalma's own submissions. Rovalma appealed, asserting that the PTAB had exceeded its statutory authority and therefore committed prejudicial error in relying on Rovalma's own submissions to find obviousness.

Issue/Holding:

Did the PTAB properly support the holding that Rovalma's patent was unpatentable for obviousness? No, vacated and remanded.

Discussion:

Although the Federal Circuit remanded this case for the PTAB's lack of clarity, the Federal Circuit held that the PTAB was within its statutorily granted authority to use a patentee's own submissions against it. In asserting prejudicial error, Rovalma relied on the Federal Circuit's decision in *In re Magnum Oil Tools International, Ltd.* In *Magnum Oil*, the Federal Circuit noted that the USPTO was not free to make arguments for petitioners that were not previously raised and "must base its decision on arguments that were advanced by a party, and to which the opposing party was given a chance to respond". Rovalma asserted that the PTAB erred in relying on Rovalma's submissions, rather than those of Bohler-Edelstahl, to find unpatentability.

However, the Federal Circuit read *Magnum Oil* as prohibiting a review board from presenting an argument that could have, but was not actually included in a petition and requiring that a party to a review proceeding be provided sufficient notice and an opportunity to be heard. Accordingly, the Federal Circuit refused to read *Mangum Oil* as establishing "a statutory rule prohibiting the board from ever relying on a patent owner's own submissions in determining unpatentability". In reviewing the PTAB's decision, the Federal Circuit found that the PTAB did not create any argument for the parties. However, the Federal Circuit held that it was unclear whether Rovalma was provided sufficient notice and opportunity to be heard regarding the PTAB's use of Rovalma's own submissions to show obviousness.

The Federal Circuit further held that to the extent that the Board did rely on Rovalma's submissions, and drew reasonably disputable inferences from those submissions, Rovalma was entitled to adequate notice of and opportunity to address those inferences. Because it could not be sufficiently determined which inferences the Board drew from Rovalma's submissions, the Federal Circuit did not decide whether the Board violated Rovalma's procedural rights.

The Federal Circuit also held that the Board did not adequately explain the basis for the findings that Rovalma challenged, in particular, failing to explain the evidentiary basis for its determinations and adequately explain why a person of ordinary skill in the art would have been motivated to modify the prior art to result in the claimed invention.